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Southern District of New York

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COMPUTER PROGRAMMER PLEADS GUILTY IN MANHATTAN FEDERAL COURT TO STEALING PROPRIETARY CODE FROM THE FEDERAL RESERVE BANK OF NEW YORK AND TO ENGAGING IN IMMIGRATION FRAUD

Preet Bharara, the United States Attorney for the Southern District of New York, announced that BO ZHANG, a computer programmer, pled guilty today to stealing proprietary software code from the Federal Reserve Bank of New York ("FRBNY"), where ZHANG previously worked as a contract employee, and to engaging in immigration fraud. ZHANG pled guilty before United States Magistrate Judge Michael H. Dolinger.

Manhattan U.S. Attorney Preet Bharara said: "Bo Zhang may have thought that he left no fingerprints when he engaged in his high-tech thievery – stealing proprietary government software worth nearly \$10 million using little more than a mouse – but he was mistaken. He was caught in his tracks and now he will be punished for his cyber-thievery."

According to the Complaint and Information filed in Manhattan federal court and statements made in court during today's plea proceeding:

The Government-wide Accounting and Reporting Program ("GWA") is a software system that is owned by the United States Department of the Treasury ("DOT"). It is used principally to help keep track of the United States government's finances. Among other things, the GWA handles ledger accounting for each appropriation, fund, and receipt within the DOT, and provides federal agencies with an account statement – similar to bank statements provided to bank customers – of the agencies' account balances with the United States Treasury. The proprietary computer source code associated with the GWA is maintained by the FRBNY in an access-controlled electronic repository. The FRBNY is further developing the source code for the GWA.

Between May 2011 and August 11, 2011, BO ZHANG was a contract employee assigned to the FRBNY to work on further developing a specific portion of the GWA's source code (the "GWA Code") which the United States has spent approximately \$9.5 million to develop. In the summer of 2011, ZHANG stole the GWA Code and, without authorization from FRBNY, copied it onto his hard drive at the FRBNY and an FRBNY-owned external hard drive. He then transferred the code to his private office computer, his home computer, and his personal laptop.

During his guilty plea today, ZHANG admitted that between 2011 and 2012, he submitted fraudulent documentation to immigration authorities to help foreign nationals obtain visas to enter and work in the United States. ZHANG falsely represented to immigration authorities that certain foreign nationals worked full-time for his computer training business. At least one individual fraudulently obtained a visa in connection with ZHANG's offense.

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ZHANG, 32, of Queens, New York, pled guilty to one count of theft of government property and one count of immigration fraud. He faces a maximum term of 20 years in prison. ZHANG will be sentenced by United States District Judge Paul G. Gardephe on October 1, 2012, at 10:00 a.m.

Mr. Bharara praised the outstanding investigative work of the FBI. He also thanked the Department of the Treasury Office of Inspector General and the FRBNY for their assistance in the investigation.

This case is being handled by the Office's Complex Frauds Unit. Assistant U.S. Attorneys Niketh Velamoor and Nicholas Lewin are in charge of the prosecution.

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